

March 15, 2004

California Coastal Commissioners
45 Fremont Street, Suite 2000
San Francisco, CA 94105

Dear Commissioners:

Your Monterey meeting agenda includes a staff update on your draft Seawater Desalination Report of August 2003. In October 2003 the Department of Water Resources (DWR) produced a report, *Water Desalination – Findings and Recommendations*, as called for by Assembly Bill 2717. This latter report was prepared with significant input from a Task Force representing a broad set of constituencies and perspectives and was co-chaired by a Coastal Commission representative. The report finds, “although most estimate that desalination will contribute less than 10 percent of the total water supply needs in California, this still represents significant portion of the state’s water supply portfolio.”

I believe it is important for the State of California to send a clear message to the public, communities, water districts, and the desalination industry about the future of desalination. The staff report provides an overview of the Coastal Act issues that may be presented by the siting of desalination facilities along the California Coast. However, I’m concerned that your report, though well intended, may fail to educate and communicate three important points. First, California needs to pursue aggressively a combination of water conservation and water development options to assure our economic and environmental well-being. Our water portfolio will vary by region, as the update of the California Water Plan due this year will show. Desalination, will certainly be an important component of that portfolio for the Central and the South Coast.

Second, we should not let the issue of ownership of desalination facilities, public, private, or multinational, discourage us from obtaining the benefits that desalination can provide. Various types of ownership may present different issues, but it is nothing that California has not faced in other sectors. If ownership is shown in any way to reduce the level of cooperation with the State of California, or compliance with any environmental law or regulation, we would of course need to address that issue in the context of any future permit review process. The October Report includes three recommendations on this subject:

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“(24) Each community should consider the appropriate role, if any, for private companies in a desalination project or proposal. Factors to consider include:

- The desired extent of public access and public control;
- The extent to which the public is willing to finance the capital costs of the project and bear the risks of project development;
- The extent to which a proposed contract between a public and private entity would affect flexibility in operating the facility;
- The relevant experience and capabilities of the public or private entity;
- The impact of the various public-private configurations on ratepayers.

(25) Private desalination projects, and private developers and plant operators, should be required to fully disclose the same information as a publicly owned and operated facility.

(26) To avoid potential international trade agreement violations, no legal standard or regulation should discriminate against an applicant based on ties to multi-national corporations.”

Third, nothing should be clearer to the public and any advocate for a desalination facility on the coast than California’s continual insistence on any coastal facility meeting strict state environmental and other standards and being subject to the review of all applicable state and local agencies including the Coastal Commission.

I hope you will help convey the above messages as you deliberate this issue on March 18, 2004. California would be well served to soon have several full-scale desalination plants operating on our coast so we can monitor and learn about their environmental, engineering and economic consequences before they become more necessary a few decades hence.

Your role in desalination development is important. Please help California make it an important part of our water future.

Sincerely,

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